



State of Utah
DEPARTMENT OF NATURAL RESOURCES
DIVISION OF OIL, GAS AND MINING

Michael O. Leavitt
Governor

Kathleen Clarke
Executive Director

Lowell P. Braxton
Division Director

1594 West North Temple, Suite 1210

PO Box 145801

Salt Lake City, Utah 84114-5801

801-538-5340

801-359-3940 (Fax)

801-538-7223 (TDD)

July 19, 2000

CERTIFIED RETURN RECEIPT
Z 230 748 181

Stacy Carr
Risk Management Department
Arch Coal, Inc.
CityPlace One, Suite 300
St. Louis, Missouri 63141

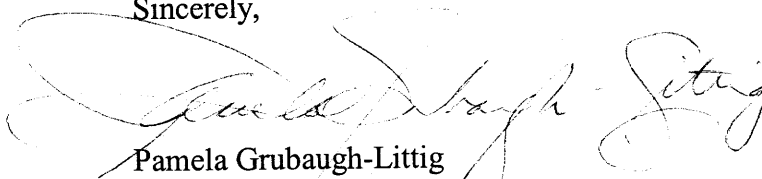
Re: Return of Bond #14-000-068-0005, Mountain Coal Company, Gordon Creek #2, #7 and #8 Mine, ACT/007/016, Outgoing File

Dear Ms. Carr:

I have enclosed the original Liberty Mutual Insurance Company surety bond (#14-0000-068-0005) in the amount of \$641,443. This bond has been replaced by Surety Bond #4000564 issued by St. Paul Fire and Marine Insurance for the same amount (see enclosed bond signed by the Director).

If you have any questions, please call me. Thank you.

Sincerely,



Pamela Grubaugh-Littig
Permit Supervisor

tm

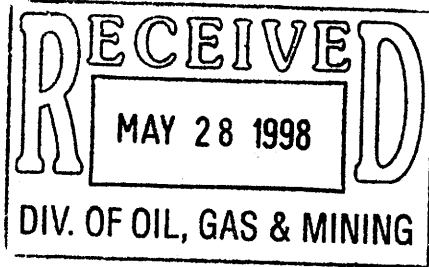
Enclosures

cc: Chris Hansen, Canyon Fuel Company, LLC

Susan White, DOGM

P:\GROUPS\COAL\WP\007016.GC2\FINAL\bondreleaseltr.wpd

Bond No. 14-000-068-0005-UT



Permit Number: ACT/007/016

EXHIBIT "B"

SURETY BOND
(FEDERAL COAL)

THIS SURETY BOND entered into and by and between the undersigned PERMITTEE, and SURETY company, hereby jointly and severally bind ourselves, our heirs, administrators, executors, successors and assigns unto the State of Utah, Division of Oil, Gas and Mining (DIVISION), and the U.S. Department of Interior, Office of Surface Mining Reclamation and Enforcement (OSM) in the penal sum of Six Hundred Forty One Thousand Four Hundred Forty Three and 00/100 (\$641,443.00) (Surety Bond Amount) for the timely performance of reclamation responsibilities of the permit area described in Exhibit "A" of this Reclamation Agreement.

This SURETY BOND will remain in effect until all of the PERMITTEE's reclamation obligation have been met and released by the DIVISION and is conditioned upon faithful performance of all of the requirements of the Act, the applicable rules and regulations, SMCRA, the approved permit and the DIVISION.

The SURETY will not cancel this bond at any time for any reason, including non-payment of premium or bankruptcy of the Principal during the period of liability.

The SURETY and their successors and assigns, agree to guarantee the obligation and to indemnify, defend, and hold harmless the DIVISION and OSM from any and all expenses which the DIVISION and OSM may sustain as a result of the PERMITTEE's failure to comply with the condition(s) of the reclamation obligation.

The SURETY will give prompt notice to the PERMITTEE and to the DIVISION and OSM of any notice or action involving insolvency or bankruptcy of the SURETY, or alleging any violations of regulatory requirements which could result in suspension or revocation of the SURETY's license in this state. In the event the Cooperative Agreement between the DIVISION and OSM is terminated, then the portion of the bond covering the Federal Lands will be payable only to the United States, Department of Interior, Office of Surface Mining.

Terms for release or adjustment of this BOND are as written and agreed to by the DIVISION and the PERMITTEE in the RECLAMATION AGREEMENT incorporated by reference herein, to which this SURETY AGREEMENT has been attached as Exhibit "B".

IN WITNESS WHEREOF, the PERMITTEE has hereunto set its signature and seal this 18th day of May, 1998.

Mountain Coal Company, LLC

By: 

Title: VICE PRESIDENT


IN WITNESS WHEREOF, the SURETY has hereunto set its signature and seal this 18th day of May, 1998.

Liberty Mutual Insurance Company

By: 

Title: Sue K. Fugate, Attorney-in-Fact

ACCEPTED BY THE STATE OF UTAH
this 3rd day of June, 1998.


Director - Division of Oil, Gas and Mining

NOTE: An affidavit of Qualification must be completed and attached to this form for each authorized agent or officer. Where one signs by virtue of Power of Attorney for a company, such Power of Attorney must be filed with this Agreement. If the PERMITTEE is a corporation, the Agreement shall be executed by its duly authorized officer.

This Power of Attorney limits the act of those named herein, and they have no authority to bind the Company except in the manner and to the extent herein stated.

LIBERTY MUTUAL INSURANCE COMPANY
BOSTON, MASSACHUSETTS

POWER OF ATTORNEY

KNOW ALL PERSONS BY THESE PRESENTS: That Liberty Mutual Insurance Company (the "Company"), a Massachusetts mutual insurance company, pursuant to and by authority of the By-law and Authorization hereinafter set forth, does hereby name, constitute and appoint, **PHILIP A. HARMON, GARY G. GOULD, PHILIP J. CHASE, LONNIE E. HOLLIS, ROBERT L. HENLEY, SUE K. FUGATE, ALL OF THE CITY OF LEXINGTON, STATE OF KENTUCKY**.....

each individually if there be more than one named, its true and lawful attorney-in-fact to make, execute, seal, acknowledge and deliver, for and on its behalf as surety and as its act and deed, any and all undertakings, bonds, recognizances and other surety obligations in the penal sum not exceeding **SEVENTY MILLION** ***** DOLLARS (\$ **70,000,000** *****) each, and the execution of such bonds or undertakings, in pursuance of these presents, shall be as binding upon the Company as if they had been duly signed by the president and attested by the secretary of the Company in their own proper persons.

That this power is made and executed pursuant to and by authority of the following By-law and Authorization:

ARTICLE XVI - Execution of Contracts: Section 5. Surety Bonds and Undertakings.

Any officer or other official of the company authorized for that purpose in writing by the chairman or the president, and subject to such limitations as the chairman or the president may prescribe, shall appoint such attorneys-in-fact, as may be necessary to act in behalf of the company to make, execute, seal, acknowledge and deliver as surety any and all undertakings, bonds, recognizances and other surety obligations. Such attorneys-in-fact, subject to the limitations set forth in their respective powers of attorney, shall have full power to bind the company by their signature and execution of any such instruments and to attach thereto the seal of the company. When so executed such instruments shall be as binding as if signed by the president and attested by the secretary.

By the following instrument the chairman or the president has authorized the officer or other official named therein to appoint attorneys-in-fact:

Pursuant to Article XVI, Section 5 of the By-laws, Assistant Secretary Garnet W. Elliott is hereby authorized to appoint such attorneys-in-fact as may be necessary to act in behalf of the company to make, execute, seal, acknowledge and deliver as surety any and all undertakings, bonds, recognizances and other surety obligations.

That the By-law and the Authorization above set forth are true copies thereof and are now in full force and effect.

IN WITNESS WHEREOF, this instrument has been subscribed by its authorized officer and the corporate seal of the said Liberty Mutual Insurance Company has been affixed thereto in Plymouth Meeting, Pennsylvania this 30th day of January, 19 98.

LIBERTY MUTUAL INSURANCE COMPANY

By Garnet W. Elliott
Garnet W. Elliott, Assistant Secretary

COMMONWEALTH OF PENNSYLVANIA ss
COUNTY OF MONTGOMERY

On this 30th day of January, A.D. 19 98, before me, a Notary Public, personally came the individual, known to me to be the therein described individual and officer of Liberty Mutual Insurance Company who executed the preceding instrument, and he acknowledged that he executed the same and that the seal affixed to the said preceding instrument is the corporate seal of said company; and that said corporate seal and his signature subscribed thereto was duly affixed and subscribed to the said instrument by authority and direction of the said company.

IN TESTIMONY WHEREOF, I hereunto set my hand and affix my official seal at Plymouth Meeting, PA, the day and year first above written.

NOTARIAL SEAL
DONNA E. SHIELDS, Notary Public
City of Philadelphia, Phila. County
My Commission Expires Feb. 2, 1998

Donna E. Shields
Notary Public

CERTIFICATE

I, the undersigned, Assistant Secretary of Liberty Mutual Insurance Company, do hereby certify that the original power of attorney of which the foregoing is a full, true and correct copy, is in full force and effect on the date of this certificate; and I do further certify that the officer who executed the said power of attorney was one of the officers specially authorized by the chairman or the president to appoint any attorney-in-fact as provided in Article XVI, Section 5 of the By-laws of Liberty Mutual Insurance Company.

This certificate may be signed by facsimile under and by authority of the following vote of the board of directors of Liberty Mutual Insurance Company at a meeting duly called and held on the 12th day of March, 1980.

VOTED that the facsimile or mechanically reproduced signature of any assistant secretary of the company wherever appearing upon a certified copy of any power of attorney issued by the company, shall be valid and binding upon the company with the same force and effect as though manually affixed.

IN TESTIMONY WHEREOF, I have hereunto subscribed my name and affixed the corporate seal of the said company, this 18th day of May, 19 98.

THIS POWER OF ATTORNEY MAY NOT BE USED TO EXECUTE ANY BOND WITH AN INCEPTION DATE AFTER December 31, 19 99.

To confirm the validity of this Power of Attorney call
1-610-832-8240 between 9:00 am and 4:30 pm EST on any business day.

Not valid for mortgage, sale, lease, credit, bank deposit,
currency rate, interest rate or residual value guarantees.

EXHIBIT "A"
SURFACE DISTURBANCE
LEGAL DESCRIPTION

Exhibit "A" - SURFACE DISTURBANCE

Permit Number: ACT/007/016

Effective Date: _____

SURFACE DISTURBANCE

--ooOOoo--

In accordance with the **RECLAMATION AGREEMENT**, the **PERMITTEE** intends to conduct coal mining and reclamation activities on or within the **SURFACE DISTURBANCE** as described hereunder:

Total acres of **SURFACE DISTURBANCE**: 17.58

Legal Description of **SURFACE DISTURBANCE**:

T. 13 S., R. 8 E., Sec. 17 SW1/4 SW1/4
SEC. 18 SW1/4, SE1/4

This **SURFACE DISTURBANCE** is covered by the reclamation surety provided in Exhibit B.

IN WITNESS WHEREOF the **SURETY** has hereunto set its signature and seal this
17TH day of MAY, ~~19~~ 2000.

ST. PAUL FIRE AND MARINE INSURANCE COMPANY

SURETY

By: Janice H. Fennell

Title: JANICE H. FENNELL, ATTORNEY-IN-FACT

EXHIBIT "B"
BONDING AGREEMENT

Surety Bond

Collateral Bond

EXHIBIT "B"

SURETY BOND
(FEDERAL COAL)

REPLACES LIBERTY MUTUAL INSURANCE COMPANY BOND NO. 14-000-068-0005-UT

**Exhibit "B" - BONDING AGREEMENT
SURETY BOND**Permit Number: ACT/007/016**SURETY BOND
(FEDERAL COAL)
--ooOOoo--**

THIS SURETY BOND entered into and by and between the undersigned **PERMITTEE**, and **SURETY COMPANY**, hereby jointly and severally bind ourselves, our heirs, administrators, executors, successors and assigns unto the State of Utah, Division of Oil, Gas and Mining (**DIVISION**), and the U.S. Department of Interior, Office of Surface Mining Reclamation and Enforcement (**OSM**) in the penal sum of (\$641,443.00) (**Surety Bond Amount**) for the timely performance of reclamation responsibilities of the surface disturbance described in Exhibit "A" of this Reclamation Agreement.

This **SURETY BOND** shall remain in effect until all of the **PERMITTEE's** reclamation obligation have been met and released by the **DIVISION** and is conditioned upon faithful performance of all of the requirements of the Act, the applicable rules and regulations, SMCRA, the approved permit and the **DIVISION**.

The **SURETY** will not cancel this bond at any time for any reason, including non-payment of premium or bankruptcy of the Principal during the period of liability.

The **SURETY** and their successors and assigns, agree to guarantee the obligation and to indemnify, defend, and hold harmless the **DIVISION** and **OSM** from any and all expenses which the **DIVISION** and **OSM** may sustain as a result of the **PERMITTEE's** failure to comply with the condition(s) of the reclamation obligation.

The **SURETY** will give prompt notice to the **PERMITTEE** and to the **DIVISION** and **OSM** of any notice received or action alleging to insolvency or bankruptcy of the **SURETY**, or alleging any violations or regulatory requirements which could result in suspension or revocation of the **SURETY's** license.

Terms for release or adjustment of this **BOND** are as written and agreed to by the **DIVISION** and the **PERMITTEE** in the **RECLAMATION AGREEMENT** incorporated by reference herein, to which this **SURETY AGREEMENT** has been attached as Exhibit "B".

**Exhibit "B" - BONDING AGREEMENT
SURETY BOND**

IN WITNESS WHEREOF, the PERMITTEE has hereunto set its signature and seal
this 18th day of May, ~~19~~2000

MOUNTAIN COAL COMPANY, L.L.C.

PERMITTEE

By: *Sam E. Ryle*

Title: Vice President & Treasurer

IN WITNESS WHEREOF, the SURETY has hereto set its signature and seal this
17TH day of MAY, ~~19~~2000

ST. PAUL FIRE AND MARINE INSURANCE COMPANY

SURETY

By: *Janice H. Fennell*

Title: JANICE H. FENNELL, ATTORNEY-IN-FACT

ACCEPTED BY THE STATE OF UTAH:

Jawell P. Brautney

Director - Division of Oil, Gas and Mining

NOTE: An Affidavit of Qualification must be completed and attached to this form for each authorized agent or officer. Where one signs by virtue of Power of Attorney for a company, such Power of Attorney must be filed with this Agreement. If the PERMITTEE is a corporation, the Agreement shall be executed by its duly authorized officer.

AFFIDAVITS OF QUALIFICATION

**AFFIDAVIT OF QUALIFICATION
SURETY COMPANY**

--ooOOoo--

I, JANICE H. FENNELL, being first duly sworn under oath, deposes and says that he/she is the (officer or agent) ATTORNEY-IN-FACT of ST. PAUL FIRE AND MARINE INSURANCE COMPANY; and that he/she is duly authorized to execute and deliver the foregoing obligations; and that said **SURETY COMPANY** is authorized to execute the same and has complied in all respects with the laws of Utah in reference to becoming sole surety upon bonds, undertakings and obligations herein.

(Signed) Janice H. Fennell
Surety Company Officer - Position
JANICE H. FENNELL, ATTORNEY-IN-FACT

Subscribed and sworn to before me this 17TH day of MAY, ~~19~~2000.

Heather H. King
Notary Public
HEATHER H. KING

My Commission Expires:

MAY 28, ~~19~~2003.

~~ANYONE~~ WITNESS: Loretta Jones
LORETTA JONES

STATE OF TENNESSEE)
COUNTY OF KNOX) ss:

AFFIDAVIT OF QUALIFICATION
DIRECTOR
--ooOoo--

Lowell P. Braxton, being first duly sworn under oath, deposes and says that he is the Director of the Division of Oil, Gas and Mining, Department of Natural Resources, State of Utah; and that he is duly authorized to execute and deliver the foregoing obligations; and that said DIRECTOR is authorized to execute the same by authority of law on behalf of the State of Utah.

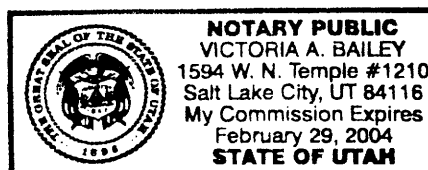
(Signed) Lowell P. Braxton
Lowell P. Braxton, Acting Director
Division of Oil, Gas and Mining

Subscribed and sworn to before me this 9th day of June, 2000.

Victoria A. Bailey
Notary Public

My Commission Expires:

February 29, 2004.




Attest:


STATE OF Utah)
) ss:
COUNTY OF Salt Lake)

AFFIDAVIT OF QUALIFICATION
PERMITTEE
--ooOOoo--

I, Eugene E. DiClaudio, being first duly sworn under oath, deposes and says that he/she is the (officer or agent) President & General Mgr. of Mountain Coal Company, L.L.C. ; and that he/she is duly authorized to execute and deliver the foregoing obligations; and that said **PERMITTEE** is authorized to execute the same and has complied in all respects with the laws of Utah in reference to commitments, undertakings and obligations herein.

(Signed) 
Name - Position Eugene E. DiClaudio
President and General Manager

Subscribed and sworn to before me this 23rd day of May, 2000.


Notary Public

My Commission Expires:

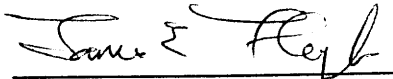
September 3 2002.

Attest:

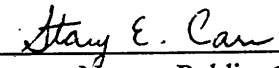
STATE OF Colorado)
COUNTY OF Gunnison) ss:

**AFFIDAVIT OF QUALIFICATION
PERMITTEE
--ooOOoo--**

I, James E. Florczak, being first duly sworn under oath, deposes and says that he/she is the (officer or agent) Vice President & Treasurer of Mountain Coal Company, L.L.C.; and that he/she is duly authorized to execute and deliver the foregoing obligations; and that said **PERMITTEE** is authorized to execute the same and has complied in all respects with the laws of Utah in reference to commitments, undertakings and obligations herein.

(Signed) 
Name - Position Vice President & Treasurer

Subscribed and sworn to before me this 18th day of May, ~~XX~~2000


Notary Public Stacy E. Carr

My Commission Expires:

June 2, ~~XX~~2003

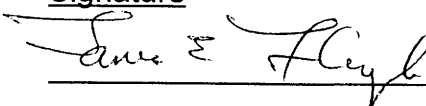
STACY E CARR
NOTARY PUBLIC STATE OF MISSOURI
ST. LOUIS COUNTY
MY COMMISSION EXP. JUNE 2, 2003

~~XXXXXX~~ Witness: Stacy E. Carr

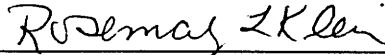
STATE OF Missouri)
COUNTY OF St. Louis) ss:

**MOUNTAIN COAL COMPANY, L.L.C.
CERTIFICATE OF INCUMBENCY**

The Undersigned, Rosemary L. Klein, Secretary of MOUNTAIN COAL COMPANY, L.L.C., a Delaware limited liability company (the "Company"), hereby certifies that the following named individual has been duly elected (or appointed) and is duly qualified as, and on this day is the Vice President and Treasurer of the Company, and that the signature appearing opposite his name below is the genuine signature, or a facsimile thereof, of said officer.

<u>Name</u>	<u>Officer</u>	<u>Signature</u>
James E. Florczak	Vice President & Treasurer	

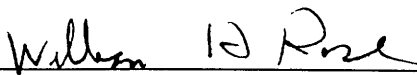
IN WITNESS WHEREOF, the Undersigned has executed this certificate and affixed the seal of the Company this 18th day of May, 2000.



Rosemary L. Klein, Secretary

The Undersigned, William H. Rose, Assistant Secretary of MOUNTAIN COAL COMPANY, L.L.C., hereby certifies that Rosemary L. Klein, whose genuine signature appears above, is the duly elected Secretary of MOUNTAIN COAL COMPANY, L.L.C.

IN WITNESS WHEREOF, I have hereunto signed my name.



William H. Rose, Assistant Secretary

Dated: May 18, 2000

**SECRETARY'S CERTIFICATE
MOUNTAIN COAL COMPANY, L.L.C.**

The undersigned, Secretary of MOUNTAIN COAL COMPANY, L.L.C., a Delaware limited liability company, ("Company"), hereby certifies that (i) the following person has been duly elected (or appointed) and duly qualified as, and on this day is, an officer of the Company holding the respective office below set opposite his name:

Name

Title

James E. Florczak

Vice President & Treasurer

(ii) that the following Resolution was duly adopted by the Board of Directors of the Company on March 6, 1998:

RESOLVED, that the Chairman, the President, any Vice President, and the Treasurer, be and they are hereby severally empowered to execute all contracts, documents, assignments, releases, proxies, powers of attorney with full and general or limited authority, with power of substitution, or any other instrument similar or dissimilar to the preceding, and other papers requiring execution in the name of the Company, and the Secretary and any Assistant Secretary are hereby authorized to affix the seal of the Company to such papers as require the seal. Each of such officers is hereby empowered to acknowledge and deliver any such instruments or papers as fully as if special authority had been granted in each particular case.;

and (iii) the foregoing Resolution has not been amended or revoked and is in full force and effect this date.

Dated: May 18, 2000

MOUNTAIN COAL COMPANY, L.L.C.

By: Rosemary L. Klein
Rosemary L. Klein
Secretary

[SEAL]

Seaboard Surety Company
St. Paul Fire and Marine Insurance Company
St. Paul Guardian Insurance Company
St. Paul Mercury Insurance Company

United States Fidelity and Guaranty Company
Fidelity and Guaranty Insurance Company
Fidelity and Guaranty Insurance Underwriters, Inc.

Power of Attorney No. 20252

Certificate No.

305940

KNOW ALL MEN BY THESE PRESENTS: That Seaboard Surety Company is a corporation duly organized under the laws of the State of New York, and that St. Paul Fire and Marine Insurance Company, St. Paul Guardian Insurance Company and St. Paul Mercury Insurance Company are corporations duly organized under the laws of the State of Minnesota, and that United States Fidelity and Guaranty Company is a corporation duly organized under the laws of the State of Maryland, and that Fidelity and Guaranty Insurance Company is a corporation duly organized under the laws of the State of Iowa, and that Fidelity and Guaranty Insurance Underwriters, Inc. is a corporation duly organized under the laws of the State of Wisconsin (*herein collectively called the "Companies"*), and that the Companies do hereby make, constitute and appoint

Richard G. Anderson, Richard C. Rose, Janice H. Fennell, Frank A. Word, Jr. and Tracy Tucker

of the City of Knoxville, State Tennessee, their true and lawful Attorney(s)-in-Fact, each in their separate capacity if more than one is named above, to sign its name as surety to, and to execute, seal and acknowledge any and all bonds, undertakings, contracts and other written instruments in the nature thereof on behalf of the Companies in their business of guaranteeing the fidelity of persons, guaranteeing the performance of contracts and executing or guaranteeing bonds and undertakings required or permitted in any actions or proceedings allowed by law.

IN WITNESS WHEREOF, the Companies have caused this instrument to be signed and sealed this 1st day of December, 1999.

Seaboard Surety Company
St. Paul Fire and Marine Insurance Company
St. Paul Guardian Insurance Company
St. Paul Mercury Insurance Company

United States Fidelity and Guaranty Company
Fidelity and Guaranty Insurance Company
Fidelity and Guaranty Insurance Underwriters, Inc.



State of Maryland
City of Baltimore

John F. Phinney
JOHN F. PHINNEY, Vice President

Michael R. McKibben
MICHAEL R. MCKIBBEN, Assistant Secretary

On this 1st day of December, 1999, before me, the undersigned officer, personally appeared John F. Phinney and Michael R. McKibben, who acknowledged themselves to be the Vice President and Assistant Secretary, respectively, of Seaboard Surety Company, St. Paul Fire and Marine Insurance Company, St. Paul Guardian Insurance Company, St. Paul Mercury Insurance Company, United States Fidelity and Guaranty Company, Fidelity and Guaranty Insurance Company, and Fidelity and Guaranty Insurance Underwriters, Inc.; and that the seals affixed to the foregoing instrument are the corporate seals of said Companies; and that they, as such, being authorized so to do, executed the foregoing instrument for the purposes therein contained by signing the names of the corporations by themselves as duly authorized officers.

In Witness Whereof, I hereunto set my hand and official seal.

My Commission expires the 13th day of July, 2002.



Rebecca Easley-Onokala

REBECCA EASLEY-ONOKALA, Notary Public

RECLAMATION AGREEMENT

Permit Number: ACT/007/016
Date Original Permit Issued: August 28, 1989
Effective Date of Agreement: August 28, 1989

STATE OF UTAH
DEPARTMENT OF NATURAL RESOURCES
DIVISION OF OIL, GAS AND MINING
1594 West North Temple, Suite 1210
Salt Lake City, Utah 84114-5801
(801) 538-5340

COAL RECLAMATION AGREEMENT
--ooOOoo--

For the purposes of this RECLAMATION AGREEMENT the terms below are defined as follows:

"PERMIT": (Mine Permit No.) ACT/007/016 (County) Carbon
"MINE": (Name of Mine) Gordon Creek No. 2, 7 & 8 Mines
"PERMITTEE": (Company or Name) Mountain Coal Company, L.L.C.
(Address) PO Box 591, Somerset, CO 81434
"PERMITTEE'S REGISTERED C.T. Corporation System"
"AGENT": (Name) 50 West Broadway, 8th Floor
(Address) Salt Lake City, Utah 84101
(Phone) 801-364-5101
"COMPANY OFFICERS": Eugene E. DiClaudio
James E. Florczak
"BOND TYPE": (Form of Bond) Surety
"BOND": (Bond Amount-Dollars) \$641,443.00
(Escalated Year-Dollars) 1989
"INSTITUTION": (Bank or Agency) St. Paul Fire and Marine Insurance Company
POLICY OR ACCOUNT NUMBER GL 01200289
"LIABILITY INSURANCE": (Exp.) 7/31/00
(Insurance Company) St. Paul Fire and Marine Insurance Company
"STATE": Utah Department of Natural Resources
"DIVISION": Division of Oil, Gas and Mining
"DIVISION DIRECTOR" Lowell Braxton
EXHIBITS: Revision Dates
"SURFACE DISTURBANCE" Exhibit "A" _____
"BONDING AGREEMENT" Exhibit "B" _____
"LIABILITY INSURANCE" Exhibit "C" _____
"STIPULATION TO CHANGE BOND" Exhibit "D" _____

RECLAMATION AGREEMENT

This **RECLAMATION AGREEMENT** (hereinafter referred to as "Agreement") is entered into by the Permittee.

WHEREAS, on August 28,, 19 89, the Division approved the Permit Application Package, hereinafter "PAP", submitted by Mountain Coal Company, L.L.C. hereinafter "Permittee"; and

WHEREAS, prior to issuance of a permit to conduct mining and reclamation operations on the property described in the PAP, hereinafter "Property", the Permittee is obligated by Title 40-10-1, et seq., Utah Code Annotated (1953, as amended), hereinafter "Act", to file with the Division a bond ensuring the performance of the reclamation obligations in the manner and by the standards set forth in the PAP, the Act, and the State of Utah Division of Oil, Gas and Mining Rules pertaining to Coal Mining and Reclamation Activities, hereinafter "Rules"; and

WHEREAS, the Permittee is ready and willing to file the bond in the amount and in a form acceptable to the Division and to perform all obligations imposed by the Division pursuant to applicable laws & regulations relating to the reclamation of the Property; and

WHEREAS, the Division is ready and willing to issue the permittee a mining and reclamation permit upon acceptance and approval of the bond.

NOW, THEREFORE, the Division and the Permittee agree as follows:

1. The provisions of the Act and the Rules are incorporated by reference herein and hereby made a part of this Agreement. Provisions of the Act or Rules shall supersede conflicting provisions of this Agreement.
2. The Permittee agrees to comply with all terms and provisions of the PAP, the Act and the Rules, including the reclamation of all areas disturbed by surface coal mining and reclamation operations despite the eventuality that the cost of actual reclamation exceeds the bond amount.
3. The Permittee has provided a legal description of the property including the number of acres approved by the Division to be disturbed by surface mining and reclamation operations during the permit period. The description is attached as Exhibit "A", and is incorporated by reference and shall be referred to as the "Surface Disturbance".
4. The Permittee agrees to provide a bond to the Division in the form and amount acceptable to the Division ensuring the performance of the reclamation obligations in the manner and by the standards set forth in the PAP, the Act and the Rules. Said bond is attached as Exhibit "B" and is incorporated by reference.

RECLAMATION AGREEMENT

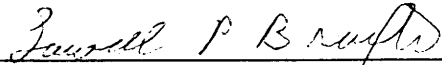
5. The Permittee agrees to maintain in full force and effect the public liability insurance policy submitted as part of the permit application. The Division shall be listed as an additional insured on said policy.
6. In the event that the Surface Disturbance is increased through expansion of the coal mining and reclamation operations or decreased through partial reclamation, the Division shall adjust the bond as appropriate.
7. The Permittee does hereby agree to indemnify and hold harmless the State of Utah and the Division from any claim, demand, liability, cost, charge, or suit initiated by a third party as a result of the Permittee or Permittee's agent or employees failure to abide by the terms and conditions of the approved PAP and this Agreement.
8. The terms and conditions of this Agreement are non-cancelable until such time as the Permittee has satisfactorily, as determined by the Division, reclaimed the Surface Disturbance in accordance with the approved PAP, the Act, and the Rules. Notwithstanding the above, the Division may direct, or the Permittee may request and the Division may approve, a written modification to this Agreement.
9. The Permittee may, at any time, submit a request to the Division to substitute the bonding method. The Division may approve the substitution if the bond meets the requirements of the Act and the Rules, but no bond shall be released until the Division has approved and accepted the replacement bond.
10. Any revision in the Surface Disturbance, the bond amount, the bond type, the liability insurance amount coverage, and/or the liability insurance company, or other revisions affecting the terms and conditions of this Agreement shall be submitted on the form entitled "Stipulation to Revise Reclamation Agreement" and shall be attached hereto as Exhibit "D" (other exhibits as appropriate).
11. This Agreement shall be governed and construed in accordance with the laws of the state of Utah. The Permittee shall be liable for all reasonable costs incurred by the Division to enforce this agreement.
12. Any breach of the provisions of this Agreement, the Act, the Rules, or the PAP may, at the discretion of the Division, result in enforcement actions by the division which include but are not limited to, an order to cease coal mining and reclamation operations, revocation of the Permittee's permit to conduct coal mining and reclamation operations and forfeiture of the bond.

RECLAMATION AGREEMENT

13. In the event of forfeiture, the Permittee agrees to be liable for additional costs in excess of the bond amount which may be incurred by the Division in order to comply with the PAP, the Act, and the Rules. Any excess monies resulting from the forfeiture of the bond amount upon compliance with this contract shall be refunded as directed by the permittee or, if a dispute arises, as directed by a court of competent jurisdiction by interpleading the funds subject to the dispute.
14. Each signatory below represents that he/she is authorized to execute this Agreement on behalf of the named party. Proof of such authorization is provided on a form acceptable to the Division and is attached hereto.


SO AGREED this 23rd day of May, 2000

STATE OF UTAH:

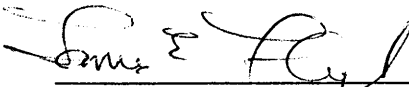


Lowell P. Braxton, Acting Director ~~418~~
Division of Oil, Gas and Mining

PERMITTEE:



Company Officer - Position Eugene E. DiClaudio
President and
General Manager



Company Officer - Position James E. Florczak
Vice President & Treasurer

NOTE: An Affidavit of Qualification must be completed and attached to this form for each authorized agent or officer. Where one signs by virtue of Power of Attorney for a company, such Power of Attorney must be filed with this Agreement. If the Principal is a corporation, the Agreement shall be executed by its duly authorized officer.